

ORDER NO. 3225

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Tony Hammond

Periodic Reporting
(Proposal One)

Docket No. RM2016-7

NOTICE OF PROPOSED RULEMAKING ON ANALYTICAL PRINCIPLES
USED IN PERIODIC REPORTING
(PROPOSAL ONE)

(Issued April 8, 2016)

I. INTRODUCTION

On April 5, 2016, the Postal Service filed a petition pursuant to 39 CFR § 3050.11 requesting that the Commission initiate an informal rulemaking proceeding to consider a proposed change in analytical principles relating to periodic reports.¹ The Petition includes a description of Proposal One and several attachments. Petition at 1.

¹ Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), April 5, 2016 (Petition). Attachment A provides a detailed description of the proposal. Attachment B provides product-level impacts. Attachment C is a technical note on the proposed system estimator. The Postal Service filed a non-public version of Attachment B. Notice of Filing of USPS-RM2016-7/NP1 and Application for Nonpublic Treatment, April 5, 2016.

Proposal One seeks the Commission's authorization of a change in the current methodology for reporting revenue, pieces, and weight in the Revenue, Pieces, and Weight (RPW) report² for specified international outbound products. *Id.*

II. SUMMARY OF PROPOSAL

The proposed methodology and program changes relate to the System for International Revenue and Volume, Outbound, and International Origin Destination Information System (SIRVO) as it relates to RPW reporting for the outbound international product categories in Table 1. *Id.* at 2-3.

Table 1
List of Affected Outbound International Product Categories

Market Dominant	Competitive
Outbound First-Class Mail International	Outbound Priority Mail International
U.S. Postal Service Mail	Outbound Direct Sacks (M-bags)
Free Mail	First-Class Package International Service
International Ancillary Services	International Ancillary Services

Source: Petition at 2-3.

Under Proposal One, the Postal Service seeks to enhance the data and estimates of the SIRVO. *Id.* at 2. The current SIRVO estimator of revenue and pieces is a probability-based statistical expansion estimator, which uses sample data. *Id.* at 3. The proposed SIRVO estimator would be a model-based regression estimator, based on census data. *Id.* at 5. This proposed estimator would also include census data from additional sources at a more granular level. *Id.* at 7.

The Postal Service asserts that adoption of this proposal will significantly reduce the margins of error for product revenues and volumes. *Id.* at 10. These improvements

² The RPW is filed quarterly with the Commission pursuant to 39 CFR 3050.25. *Id.* at 3.

will primarily affect estimates for Priority Mail International, First-Class Mail International, and First-Class Package International Service. *Id.*

The Postal Service further asserts that “approximately 50 percent of the revenue...of the proposed SIRVO’s product estimates for FY2015 are based upon census data sources.” *Id.* at 8. Proposal One would not affect the amount of total FY 2015 revenue, but total competitive revenue would increase, with a corresponding decrease in market dominant revenue. *Id.* at 8-9. Total FY 2015 volume would increase, with competitive volumes increasing and market dominant volumes decreasing. *Id.*

III. INITIAL COMMISSION ACTION

The Commission establishes Docket No. RM2016-7 for consideration of matters raised by the Petition. Additional information concerning the Petition may be accessed via the Commission’s website at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal One no later than May 20, 2016. Reply comments are due no later than June 6, 2016. Pursuant to 39 U.S.C. 505, Cassie D’Souza is designated as an officer of the Commission to represent the interests of the general public (Public Representative) in this proceeding.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. RM2016-7 for consideration of the matters raised by the Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), filed April 5, 2016.
2. Comments are due no later than May 20, 2016. Reply comments are due no later than June 6, 2016.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Cassie D'Souza to serve as Public Representative in this docket.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Stacy L. Ruble
Secretary